

Drug Intelligence Brief



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INTELLIGENCE DIVISION

May 2002

BURMA: COUNTRY BRIEF

STATUS IN INTERNATIONAL DRUG TRAFFICKING

Burma, Laos, and Thailand constitute the South-east Asian opium and heroin-producing region, known as the Golden Triangle. In 2001, Burma surpassed Afghanistan as the largest opium and heroin producer in the world. Burma is also a major supplier of heroin to international markets.

In 2001, estimated opium production was 865 metric tons, a decrease from the 2000 total of 1,085 metric tons. Adverse weather conditions and government eradication efforts in the Shan State, the primary growing area, brought production down to its lowest level since 1987.

Between 1989 and 1997, yearly opium production was in the 2000-metric-ton range. In 2001, Burma accounted for approximately 80 percent of Southeast Asia's opium production, and approximately 69 percent of the world's opium production; Laos produced an estimated 200 metric tons; Vietnam, 15 metric tons; and Thailand, 6 metric tons. Afghanistan, the third largest producer of opium, was estimated to have had the potential to produce 74 metric tons of opium.

Opium poppy cultivation and heroin refining take place in remote, mountainous border



regions. Armed ethnic groups such as, the United Wa State Army (UWSA), the Kokang Chinese, and the Myanmar National Democratic Alliance Army (MNDAA) control the cultivation areas, refine opium into heroin, and also produce methamphetamine. Associates of these organizations from other Asian nations have shipped tons of heroin from Burma to the United States within the past decade. The largest single heroin seizure in the United States consisted of 486 kilograms of Burma-produced heroin that the U.S. Customs Service discovered in a containerized shipment of plastic bags from Southeast Asia, via Taiwan, en route to a warehouse in Hayward, California, in May 1991.

In an effort to end 40 years of sporadic combat between the government and ethnic minorities over autonomy issues, the current military regime, the State Peace and Development Council (SPDC), in power since 1988, signed cease-fire agreements with almost all of the ethnic insurgent organizations. These accords ended the fighting, and the government granted the groups a large degree of local autonomy, allowing them to retain their armed militias and providing them with economic assistance. The aid is also intended to lessen the minorities' reliance on opium production and drug trafficking as a livelihood. Under the terms of the agreement between the Government of Burma (GOB) and the UWSA, Burmese troops cannot even enter Wa Territory without the permission of the UWSA. Most of the Wa sanctuary is east of the Salween River; however, there are small Burma Army (BA) units located in this Wa-controlled Territory.

It will take years of concerted effort by the GOB and international agencies, as it did in neighboring Thailand, to drastically reduce opium cultivation. The armed ethnic groups, however, pledged to have opium-free zones in their respective areas. The MNDAA, Kachin Defense Army, and the Mong Ko Defense Army pledged to have opium-free zones by 2001, the UWSA by 2005. Reportedly, the Eastern Shan State Army area has been opium-free for the past several years.

CULTIVATION AND PROCESSING

Cultivation

The principal cultivation area for opium poppies is eastern Burma's Shan State, although some cultivation occurs in the States of Kachin, Chin, and Kayah.

In 2001, growers planted approximately 105,000 hectares of opium poppy plants, primarily in the Shan Plateau that extends almost the length of the Shan State, from the China border in the north to the Thailand border in the south. The heaviest cultivation is found in the northern Shan State areas controlled by the Wa and the Kokang Chinese. It is estimated that nearly 80 to 90 percent of all opium production in Burma occurs in the Shan State, and that 90 percent of Southeast Asian heroin is refined in the Shan State.

Opium poppy planting takes place on thousands of small fields that average from a half acre to an acre. To prepare cultivation sites, farmers clear jungle areas or steep slopes in the traditional slash-and-burn method. Some growers also terrace valley slopes. Cultivation of the opium poppy begins with soil preparation in September; then the seeds are sown in October after fields are cleared of seasonal crops. Fields are weeded and the soil cultivated at least twice during the 4-month growing season. Chemical and organic fertilizers, often supplied by investors, are used frequently to increase the opium gum yield. The gum is collected in January when the plants have matured. The entire growing cycle for the opium poppy plant takes approximately 120 days. A typical opium poppy field (about 1 acre) in Southeast Asia has 100,000 poppy plants per acre, with a range of from 120,000 to 200,000 opium-producing pods. The opium yield from a single pod varies greatly, ranging from 10 to 100 milligrams of opium gum per pod. The average yield of raw opium gum per pod is approximately 80 milligrams. The dried opium yield ranges from 8 to 20 kilograms per acre. In 2001, yield estimates for opium poppy fields in Burma were placed at approximately 3.4 kilograms of opium per acre. The highest quality of raw opium is brown rather than black.

Ethnic Chinese investors, many from the People's Republic of China, organize growers and purchase fertilizer in preparation for the growing season. Other investors from urban areas, such as Mandalay and Lashio, pool funds to organize and finance growers who cultivate land not previously used for opium poppy growing. These new areas of cultivation were started in the northwestern Shan State, around Lashio.

Farmers continue to cultivate opium poppies instead of legitimate crops. Cash crops can no longer compete with profits made from opium production. Throughout the Shan State, investors encourage farmers to grow opium poppies by paying advances to potential cultivators.

Heroin Processing

When the harvest is completed, farmers take the opium gum to collection depots in designated villages throughout the Shan Plateau. Representatives of major trafficking groups or independent traffickers buy the opium at distribution centers. Human porters or mule caravans carry most of the opium to refinery sites. Caravans traveling north and south generally traverse established routes. Where roads exist leading to villages near refineries, trucks transport the opium. Refineries are located primarily in the remote rugged mountainous areas of the northern Shan State, near the China border, as well as on Burma's borders with Laos and Thailand.

The typical refinery, set up near a small stream in rugged terrain, dominated by jungle-covered ridges, is neither a sophisticated nor a permanent structure. The structure is generally made of bamboo, thatch, and other inexpensive, locally obtained materials. Rudimentary equipment includes crude washtubs, enamel basins, manually operated vacuum pumps, strainers, filters, and cardboard trays. Wood is often used as the fuel



Typical caravan moving heroin usually near Thailand-Burma border

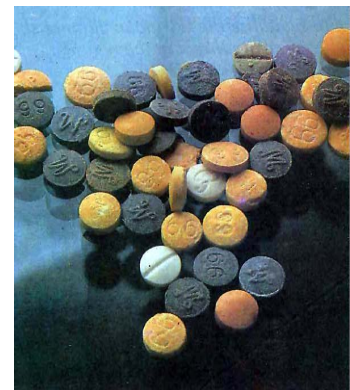
to cook the opium gum. The heroin “cooks,” often ethnic Chinese, live at the refinery site when it is in operation.

A competent heroin cook can produce morphine base in 10 to 14 hours and heroin in 16 to 20 hours. Roughly 7 to 15 kilograms of raw opium yield 1 kilogram of morphine base, which yields 1 kilogram of heroin. In some instances, however, when chemical fertilizers are used and the opium has a higher morphine alkaloid content, fewer kilograms are needed to produce a kilogram of heroin. On average, from 10 to 12 kilograms of raw opium will yield 1 kilogram of heroin. Morphine alkaloid content in Southeast Asia ranges between 8 and 12 percent.

The 1996 surrender of the Shan United Army (SUA), once the primary trafficking organization in Burma, and increased government anti-drug actions have contributed to a trend to smaller mobile refineries that can be easily dismantled and moved if threatened with discovery.

Methamphetamine Production

The trafficking groups that refine heroin also produce methamphetamine; the laboratories for both substances are many times collocated. Trafficking organizations began methamphetamine production in the mid-1990s because the market was lucrative, production costs were low, and the manufacturing process was less complicated than opiate refining. Ephedrine, a precursor chemical used in the production of methamphetamine, is readily available from sources in China and India. The finished methamphetamine tablets are primarily destined for the Thai market. The UWSA produce methamphetamine from higher quality crystallized ephedrine from India. Methamphetamine tablets produced by the UWSA are typically embossed with either a “WY” or “99” logo.



Wa pills

TRAFFICKING

The opium- and heroin-producing areas of Burma are adjacent to the Burma–China, Burma–Laos, and Burma–Thailand borders. The southern Burma–northern Thailand border was once the primary transit point for Burmese-produced heroin destined for international markets. While this border remains a transit point, mainly for methamphetamine, China’s Yunnan Province has become the primary transit point for Burmese heroin. It is estimated that over 50 percent of Burma’s opiate production enters China. Over the past decade, increasingly large amounts of opiates have been smuggled from the Shan State to China’s Yunnan Province toward the southeastern coast and onward to Guangzhou and Hong Kong. Burmese heroin also transits Rangoon westward through India and Bangladesh. Heroin produced in Burma also enters Thailand for personal consumption and for onward transshipment to drug markets throughout the world.

Armed ethnic minority groups who have been in conflict with the GOB for decades control cultivation, production, and trafficking in Burma. Since 1988, most of the ethnic groups have signed peace agreements with the government, pledging to cease opium poppy cultivation and heroin production. While several areas are reportedly opium-free, these same ethnic groups continue to traffic in heroin and methamphetamine.

The drug trafficking groups operating within Burma are mostly insurgent factions that have been warring with the GOB and among themselves for many years. These groups consist of ethnic Burmese or ethnic Chinese, who use opium poppy cultivation and trafficking to finance their armies. As in other trafficking areas throughout the world, traffickers in Burma may purchase opium from whomever has the best quality for the best price. Ethnic Chinese traffickers are noted for dealing with rival groups whenever the transactions are financially profitable. Many groups in Burma make a relatively small profit on each unit of heroin sold. However, the volume of sales throughout a year produces substantial income, especially for local hill tribes and villages.

INSURGENT GROUPS

United Wa State Army

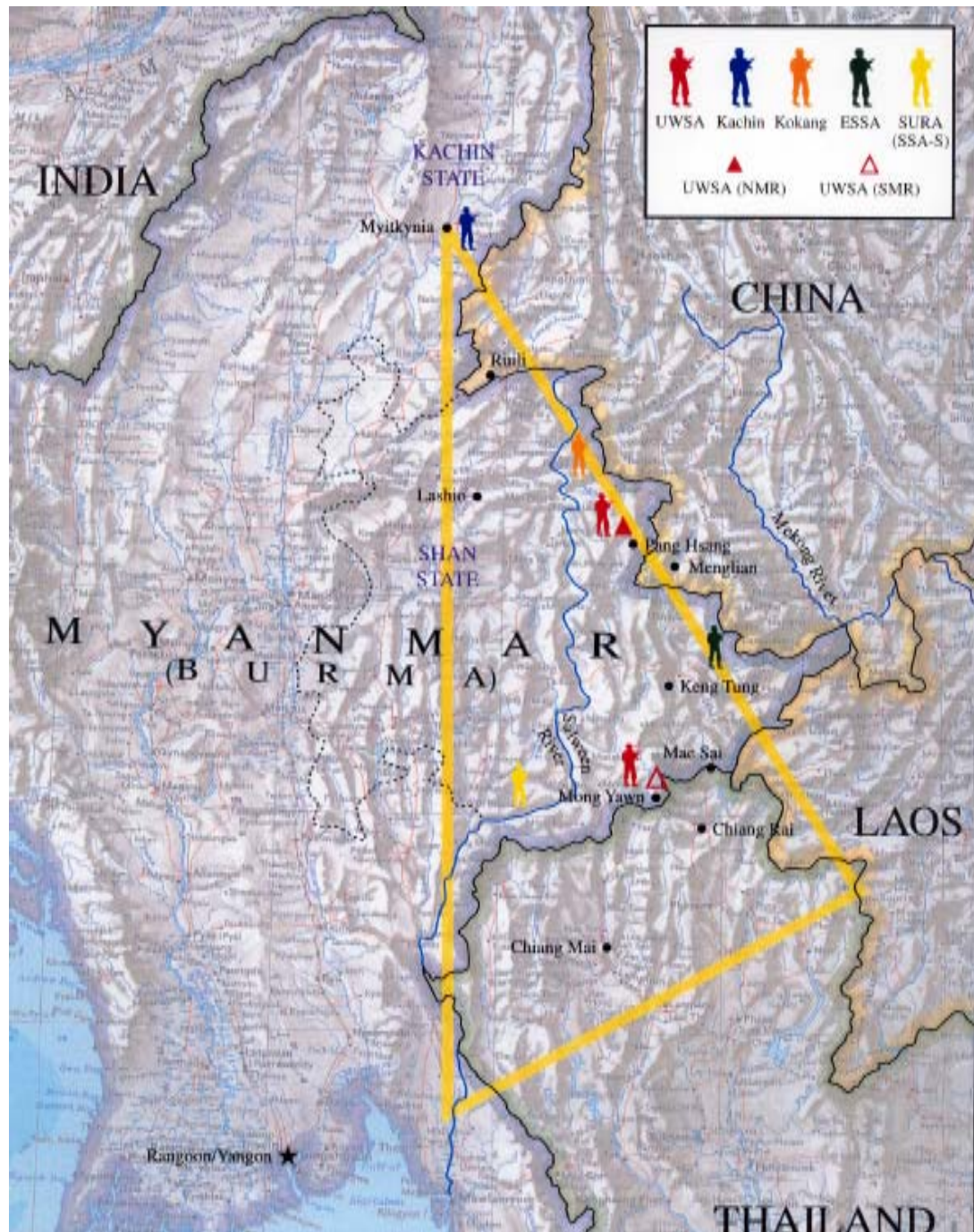
The Wa, the primary fighting force of the Burmese Communist Party (BCP) until the BCP’s disintegration in 1988, took over the BCP’s drug operations and expanded them. The Wa became the



Wa soldiers selling opium

UWSA, a well-equipped military force of approximately 20,000. The UWSA is the largest drug-producing and trafficking group in Southeast Asia, producing heroin, methamphetamine, and possibly MDMA.

It is believed that almost all of the opium produced in the Wa Region is processed in heroin refineries run by the Wa themselves, and in refineries run by independent entrepreneurs, from whom the Wa collect a tax. The Wa buy opium from the Kokang Chinese, the Shan United Revolutionary Army (SURA), and others to use in their increasing number of refineries, estimated at more than 50.



Insurgent drug trafficking organization in Burma/Myanmar

As a result of the Wa aligning themselves with the BA in its 1994-95 battles against the SUA, the Wa gained territory near Doi Laem and Mong Kyawt, close to the Thai border. Both the Wa and the SUA coveted these areas, which are gateways to strategic trade routes into Thailand. After the SUA surrendered and was driven from the region in hard-fought battles, the BA ordered the Wa to vacate the region. The Wa defied the order and, with eventual government acquiescence, occupied the area, referred to as their Southern Military Region (SMR) or Southern Military Command. The GOB tolerates the Wa, due to the UWSA's significant military force and a standing cease-fire agreement. The GOB, however, takes action against all traffickers, including Wa traffickers outside UWSA-controlled areas. The pressure exerted by the GOB on trafficking and refining operations outside Wa-controlled areas is forcing various smaller drug insurgent groups to form alliances with the Wa. These alliances are enabling the smaller groups to produce heroin and methamphetamine in Wa-controlled territory unchecked by Burmese authorities.

The SMR is located in the Mong Yawn Valley near the Burma–Thailand border. Part of the Southern Command is under the control of Wei Hsueh-kang, and the Independent Regiment of the Southern Command is under the control of Wei Tsai-tang. Wei Hsueh-kang's division receives logistical support from Thailand and the Kuomintang in Thailand and Taiwan. The Northern Command (Northern Military Region) is located at Panghsang, Burma, under the control of the over-all Commander-in-Chief of the UWSA, Pao Yu-hsiang. Panghsang is located near the Burma–China border and receives logistical support from China. The northern Wa is sometimes referred to as the Red Wa because of its affiliations with the former Burmese Communist Party and the Chinese Communists. Both the Northern and Southern Commands traffic in heroin and methamphetamine, which are processed in collocated refineries in Burma.

Reporting indicates that the UWSA has expanded its drug-producing operations into Laos, and is supporting the hill tribe peoples residing in Bokeo and Luang Namtha Provinces. The Wa supports the UWSA by providing advisors, training, seeds, necessary equipment, and money to grow opium poppies and cannabis. Additional reporting indicates that the UWSA also has set up mobile heroin refineries that are producing heroin #4 in these same two Laotian provinces. The Wa has pledged that their territory will be an opium-free zone by the year 2005.

For the past 2 years, the UWSA has been developing a self-sustaining new community in the Mong Yawn Valley. This community in Burma connects with Chiang Rai Province in northern Thailand. As the development proceeds, the UWSA is expected to forcibly relocate more than 120,000 people to Mong Yawn from the northern and central parts of the Shan State. The UWSA explains the relocation will create better living conditions for the Shan people, and will provide them with an environment conducive to growing products other than the opium poppy. In reality, it appears the UWSA is consolidating some of its drug production facilities in this “drug manufacturing community.” Mong Yawn is located in the UWSA's SMR. Pao Yu-hsiang's brother, Pao Yu-i, is the designated commander of the SMR, over both Wei Hsueh-

kang's troops and Wei Tsai-tang's Independent Regiment. Wei Tsai-tang, a rival and often in conflict with Wei Hsueh-kang, is believed to be the real power and the true commander of the SMR. The UWSA has representatives and brokers, who deal heroin and methamphetamine to independent traffickers as well. Wei Hsueh-kang is reported to have smuggled large quantities of heroin to the United States via containerized cargo.

Wei was indicted in the Eastern District of New York in 1993 for violations of the Controlled Substance Act. Wei Hsueh-kang is currently a fugitive. He was tried in absentia in Thailand for drug trafficking, and the Government of Thailand issued a death warrant. The U.S. State Department has posted a reward (of up to US\$2,000,000) for Wei's arrest. Wei Hsueh-kang and his older brother, Wei Hsueh-lung, originally learned their drug trade from Chang Chi-fu (a.k.a. *Khun Sa*), leader of the SUA. After breaking away from Khun Sa and the SUA, the Wei brothers joined the UWSA in late 1984, which at that time was the Wa National Army/WNA, the hated rival of the SUA. The Wei brothers have already amassed great wealth, and still add to that wealth through continued drug trafficking. The Wei brothers are believed to have invested heavily in the infrastructure and development of Mong Yawn in Burma. They are also reported to have invested large sums of money throughout Southeast Asia.



Wei Hsueh-kang

Shan United Army

For decades, the SUA, also known as the Mong Tai Army, had been the dominant drug trafficking force in the Golden Triangle. Its dominance was credited to the fact that the SUA produced the best-quality heroin and had the best smuggling routes. This enabled the SUA to amass the large sums of money required to equip and operate a large insurgent drug trafficking organization. The SUA publicly promoted Shan nationalism, claiming to be fighting the GOB for the establishment of an independent Shan State. In fact, the SUA needed the well-equipped army to protect its drug trafficking activities, and the proceeds from the drug trafficking activities were needed to maintain the army.

In January 1996, the SUA surrendered to the GOB after months of negotiations. Several factors contributed to the SUA's capitulation. During 1995, several thousand Shan troops, unhappy with the SUA's ethnic Chinese leaders, defected and formed

their own army. The Thai border closure, begun in 1994, kept the SUA from receiving needed supplies. The BA and UWSA forces attacked SUA positions. Also, Operation TIGER TRAP, a joint Thai–DEA strategy, led to the arrest of 13 key SUA members between November 1994 and October 1996, that further weakened the organization. In addition to the 13 arrests, other high-level SUA drug traffickers were indicted in the United States, making them fugitives from justice, and hindering their freedom to travel outside insurgent-controlled areas of Burma for fear of arrest and extradition.

In March 1996, Khun Sa, the SUA leader, left his Shan State headquarters in Ho Mong for Rangoon, where he now lives in a restricted environment under government control. Reportedly, his health is declining and he is partially paralyzed. He is permitted to invest his drug proceeds in legitimate businesses in Burma through a third party, but he cannot traffic in drugs. Although Khun Sa was indicted in the Eastern District of New York in December 1989, for conspiring to import heroin into the United States, he is under the protection of the GOB. The GOB promised Khun Sa that, as long as he lived up to his agreement of retiring from the drug trade, he would be allowed to conduct legitimate business, enjoy immunity from prosecution in Burma, and would not be extradited to another country or surrendered to U.S. authorities.



Refinery seized by SSA

Shan United Revolutionary Army

After the surrender of the SUA, a remnant of the SUA is now calling itself the SURA, and claiming to be antidrug. It has allegedly seized refineries and arrested traffickers. In fact, reporting indicates that this group is collecting taxes from Shan traffickers and forcing farmers to grow opium. Yawd Seuk, a former military commander in the SUA under Khun Sa, is now the commander of the SURA, also known as the Shan State Army/South (SSA/S). The SURA/SSA contains approximately 1,500 ethnic Shan soldiers. It is one of the few remaining ethnic insurgent groups that have not agreed to a cease-fire arrangement with the GOB. Yawd Seuk and the SSA/South are reported to be involved in heroin and methamphetamine trafficking.

Some other former SUA elements continue to traffic in drugs and several of Khun Sa's former SUA associates are major traffickers operating along the Thailand–Burma border, and in the central Shan State. Khun Sa's second son, Chang Wei-kang (a.k.a. *Jam Heung*) has established himself as the successor to whatever remains of his father's drug trafficking organization. Chang Wei-kang is reported to be trafficking in heroin and methamphetamine.

Myanmar National Defense Alliance Army (Kokang Chinese)

In late 1995, when the Kokang Chinese were fighting among themselves, the BA intervened and, since then, has maintained a presence in the area. Kokang factions agreed to divide the region into separate areas of control. The Mong Ko Regional Defense Army (MDA) was under the leadership of Mon Sa La, who has lost most of his control over the group. The southern Kokang Region remains under the control of Peng Chia-sheng, leader of the MNDAA, and the northern Kokang area is under the control of Yang Mo-liang, the original leader of the MNDAA. Reporting indicates that Yang Mo-liang and his faction have lost power, and that Peng Chia-sheng has emerged as the primary Kokang leader, uniting these two factions under the MNDAA banner. Of the three factions, Peng Chia-sheng's group is the most active in heroin trafficking. Both the MDA and MNDAA are reported to be extremely active in heroin and methamphetamine trafficking. The MNDAA and the MDA have pledged their intention to establish an opium-free zone in territory under their control by the end of the year 2001, but have, as yet, been unable to realize this goal.

In 1997, the Kokang Region was the area in which the most concentrated opium poppy cultivation occurred. This was also the region in which the majority of the 65 refineries seized by the GOB in 1997 and 1998 were located. In addition, this region is also the area in which most of the eradication efforts by the GOB occurred. Since 1998, BA troops have been garrisoned in the region and their eradication and enforcement efforts have pressured ethnic leaders in the area to curtail drug activity. The Kokang Region is home to several ethnic groups including the Kokang, Kachin, and Shan. The Kokang Region, adjacent to China's Yunnan Province, also serves as a nexus between the Kokang Chinese and Chinese traffickers from the Peoples Republic of China. The location makes this area one of the most active heroin trafficking regions in this part of the world. Most Kokang heroin shipments destined for international distribution first transit China before reaching their final destination.

Eastern Shan State Army (ESSA)

A large portion of the Eastern Shan State Army (ESSA) area, known as Special Region 4, has been showcased by the GOB as a successful opium-free area. In April 1997, high-ranking government officials attended a ceremony in Mong La to commemorate the termination of opium production in the region and to honor the ESSA leader, Lin Ming-hsien (aka. *Sai Lin*), for his efforts. Sai Lin claimed that, prior to reaching an agreement with the government, 262 ESSA-controlled villages had 2,706 acres of opium poppy under cultivation, that produced almost 9 metric tons of opium which was processed into 600 kilograms of heroin. In the past, the ESSA purchased heroin from both the SURA and the UWSA when brokering deals to other ethnic Chinese drug traffickers. Drug trafficking groups have been known to purchase processed heroin from whomever has the best and least expensive drug for resale. Many trafficking groups located in Burma will make a relatively small commission or profit on each unit of heroin sold, possibly for as little as between US\$80 and

US\$300. However, the large volume of sales, as many as several thousand units in a year, adds up to a considerable amount of money, especially for a hill tribe, village, or drug trafficking group.

The GOB and the ESSA steadfastly maintain that Special Region 4 remains opium free. There is no reporting to contradict this assertion. Furthermore, the capital of the Eastern Shan State, Mong La, has been transformed into a center for Chinese tourism, and boasts at least two gambling casinos. ESSA leader Sai Lin reportedly suffered a stroke in 1998 that left him physically impaired. However, DEA Rangoon believes that, through his connections to Wa leader Pao Yu-hsiang, and to his father-in-law, Kokang leader Peng Chia-sheng, Sai Lin and the ESSA continue to traffic in heroin and methamphetamine. Sai Lin enjoys political recognition from the GOB, as a member of the “National Convention.”

Kachin Independence Army (KIA)

Trafficking of opium and heroin in the Kachin State decreased dramatically, as a result of the Kachin Independence Army (KIA) enforcing a ban on opium poppy cultivation and drug trafficking. However, reporting in 1999 reflects that the KIA is still involved in opium poppy cultivation, and is operating methamphetamine and heroin laboratories. Opium production in the Kachin State pales in comparison to that of the neighboring Shan State. In the Kachin State, the opium poppy is grown only in remote mountainous areas along the Chinese border, with most of the opium intended for local consumption. Chinese cultivators cross the border into the Kachin State to grow opium poppies because they can sell the opium and realize higher prices for the drug than for other cash crops.

Kachin Defense Army (KDA)

The Kachin Defense Army (KDA), led by Ma Htu Naw, has its headquarters in the northern Shan State near Lashio. The KDA was formerly a part of the Kachin Independence Army. The area under KDA control is one of the richest opium-producing areas in Burma. The KDA signed a peace agreement with the government and pledged to cease opium production by 1996. Since 1997, however, many of the refineries seized by the government have been in KDA territory. The KDA declared their intention to establish opium-free zones in territory under their control by the end of the year 2001 but, like the MNDAA and the MDA, they have not, as yet, realized this goal.

Karen Buddhist Democratic Army

The Karen Buddhist Democratic Army (DKBA), or the Democratic Karen Buddhist Union, has signed a peace agreement with the GOB. Reporting indicates that the DKBA is involved in the transportation of drugs into Thailand. The DKBA is frequently used by the GOB as a proxy force against the Karen National Union forces (KNU). The KNU are one of the few groups that have not signed a peace agreement

with the GOB. The KNU are staunchly antigovernment and are the hated enemies of the GOB. The KNU are also known for having strong religious beliefs, and are firmly against drug trafficking.

Ethnic Chin

The Chin primarily reside in the Chin State (on the Burma–India border) and in the Sagaing Division. Ethnic Chin figures prominently in the trafficking of ephedrine from the Indian border into Mandalay. From Mandalay, the Kokang and UWSA then purchase ephedrine from ethnic Chin drug traffickers.

Other Traffickers

Although West African heroin traffickers are extremely active in neighboring Thailand and other Asian countries, their presence in Burma is rare. Only a few West African traffickers have been reported in Burma. West African and Nigerian heroin traffickers are known for trafficking in both Southeast Asian- and Southwest Asian-produced heroin. West African and Nigerian traffickers are not usually involved in the brokering of large transactions; however, they are involved in numerous drug transactions.

DRUG-RELATED MONEY LAUNDERING

The GOB has allowed traffickers, such as Khun Sa, to invest drug profits in the country's infrastructure and legitimate businesses as part of the cease-fire agreements. Traffickers have options on contracts for transportation, road construction, gem mining, and teak export. Through this policy, they have become wealthy by laundering their drug profits and by effectively integrating themselves into the legitimate business community.

The GOB passed a money laundering statute in 1993, but it has been used only in direct connection to drug seizures. A new money laundering law, modeled after Australian laws, may be enacted in 2002. An under-regulated banking system and ineffective money laundering legislation have created a business and investment environment conducive to the use of drug-related proceeds in legitimate commerce. The GOB is currently rewriting its laws concerning money laundering and asset forfeiture.

In June 2001, the Financial Action Task Force (FATF), a worldwide intergovernmental body whose purpose is to combat money laundering, placed Burma on its list of noncooperating territories because of concerns regarding weaknesses in Burma's anti-money laundering regime. In this case, banking authorities in FATF-member countries may issue advisories to their banking institutions urging caution in their dealings with Burmese banks. All foreign currency transfers into Burma are required to be executed by the Myanmar Foreign Trade Bank. Private banks in Burma are not allowed to

conduct foreign currency transactions. As a result, most international money transfers into and out of Burma are conducted via the Chinese underground banking system (CUBS).

DRUG ABUSE AND TREATMENT

Opium was the primary drug of abuse in Burma until the 1980s, when a shift occurred to intravenous heroin injection, particularly in urban areas. Drug addiction has also increased in the mining regions in the north at Mong Hsu and Mogok, and in other populated areas in the Shan and Kachin States. GOB records show that there are approximately 90,000 addicts; however, the United Nations and nongovernmental organizations believe that the addict population probably ranges from 400,000 to 500,000.

Typically, heroin retailers are found at established locations where addicts obtain heroin injections that are most often administered with the same needle that was used by the previous addict. This shift to intravenous heroin injection is resulting in a spiraling HIV infection rate.

Phensidyl, a codeine-based cough syrup, is also a commonly abused controlled substance. It is smuggled from India and Thailand and sold on the streets of Burma illegally. Methaqualone and diazepam, common sedatives manufactured in China, are also abused.

Both the Ministries of Education and Information carry out preventive education. The Ministry of Health primarily oversees drug detoxification and the Ministry of Social Welfare operates rehabilitation programs. The country has six major drug treatment centers and 24 outpatient treatment facilities. Basically the GOB sees the drug problem from four perspectives: law enforcement, supply elimination, demand reduction, and treatment.

DRUG ENFORCEMENT AGENCIES AND LEGISLATION

The Central Committee for Drug Abuse Control (CCDAC), which is comprised of personnel from the various security services, including the police, customs, military intelligence, and the army, leads Burma's drug enforcement efforts. The CCDAC oversees 18 antidrug task forces located throughout the country. The CCDAC is under the effective control of the Directorate of Defense Services Intelligence (DDSI) and relies, in part, on military personnel to execute law enforcement duties.

In 2001, with support from Japan and the United States, the United Nations Drug Control Program (UNDCP) continued the 5-year, US\$12.1 million, Wa Alternative Development Project, which identifies substitutes for opium poppy cultivation on 14,565 acres in the southern Shan State. Already established in 10 pilot villages, the project plans to expand into more than two-thirds of the 334 villages in Mong Pawk Township of the southern Wa territories. The 5-year plan was initiated in 1999.

In 2000, the United States also funded a smaller UNDCP alternative development project in the Nam Tit and Lao Kai areas of the northern Shan State. In addition, the GOB and the Government of Japan developed a crop substitution program on 14,565 acres in the northern Shan State to replace opium poppy cultivation.

In 2001, Burma improved cross-border law enforcement cooperation with both China and Thailand to curtail drug production and trafficking activities of former insurgent groups that have not signed cease-fire agreements.

TREATIES AND CONVENTIONS

Burma is a party to the 1961 United Nations (U.N.) Single Convention, the 1971 U.N. Convention on Psychotropic Substances, and the 1988 U.N. Convention Against Illicit Traffic in Narcotic Drugs. In 1993, Burma enacted a Narcotic Drugs and Psychotropic Substances Law, which addresses financial investigations, corruption, conspiracy, money laundering, and international cooperation.

Burma joined with Cambodia, China, Laos, Thailand, and Vietnam in signing a UNDCP Memorandum of Understanding, covering a subregional action plan aimed at controlling precursor chemicals and reducing illicit drug use in the highlands of Southeast Asia.

STATISTICS AND ENFORCEMENT ACTIONS

Opium Production	1997	1998	1999	2000	2001
Cultivation (hectares)	155,150	130,300	89,500	108,700	105,000
Potential Yield (metric tons)	2,365	1,750	1,090	1,085	865
Potential Heroin (metric tons)	197	146	91	90	86.5
Eradication (hectares)	10,501	16,194	9,800	10,985	9,317

Seizures	1997	1998	1999	2000	2001
Opium (kilograms)	7,884	5,400	1,445	1,528	1,629
Heroin (kilograms)	1,401	404	273	171	96.7
Marijuana (metric tons)	0.288	0.160	0.274	N/A	.284
Methamphetamine (millions of pills)	28.9	26.7	29	27	32.4
Ice/Methamphetamine (kilograms)	N/A	N/A	N/A	N/A	518
Acetic Anhydride (gallons)	2,137	424	1,620	3,945	127.8
Ephedrine (kilograms)	N/A	N/A	6,500	2,700	3,922
Precursor Chemicals (liters)	N/A	N/A	N/A	89,184	174,191

Other Data	1997	1998	1999	2000	2001
Heroin Laboratories Destroyed	33	32	23	3	8
Methamphetamine Laboratories Destroyed	N/A	N/A	6	2	1
Drug Arrests	4,522	4,845	6,413	4,881	4,256
Drug Addicts	N/A	N/A	66,463	86,537	90,000
Heroin Users (thousands)	300	300	300	N/A	N/A
Opium Users (thousands)	120	120	120	120	N/A

2001 Prices*	Drug	Location	Price
	Heroin 1/2 unit (350 grams)	Rangoon	\$1,600.00
	Methamphetamine (per tablet)	Rangoon	\$1.30
		Myawaddy	\$0.67
		Keng Tung	\$0.26
		Lashio	\$0.19
		Lau Khai	\$0.04

*Prices converted from Burmese Kyat to U.S. dollar equivalents/750+US\$1

Significant seizures

2001

January 2—2,629,000 methamphetamine tablets

May 8—200 kilograms of ephedrine

May 23—1,800,000 methamphetamine tablets

July 13—3,464,000 methamphetamine tablets

August 4—161 kilograms of raw opium

August 30—569 kilograms of raw opium, 9.3 kilograms of heroin, and destruction of a heroin refinery

September 6—4,398,000 methamphetamine tablets

October 14—6,900,000 methamphetamine tablets.

October 27—2,292,000 methamphetamine tablets

November 6—1.5 kilograms of heroin, 90 kilograms of ephedrine, 156 liters of sulfuric acid, 473 liters of acetic anhydride, and destruction of a methamphetamine laboratory

2002

January 29—2 heroin refineries in the northern Shan State

January 30—280 kilograms of ephedrine

KEY JUDGMENTS

- Burma will continue to play a significant role in international drug trafficking especially regarding the production of opium, heroin, methamphetamine, and other drugs. Until 1998, Burma was the world's largest opium producer. In 2001, Burma regained that distinction after the opium poppy ban in Afghanistan placed that country third behind Burma and Laos.
- Since the mid-1990s, the GOB elicited opium-free pledges from areas under the control of former insurgent groups. At the end of 2001, many of the pledges came due, so the GOB has stepped up law enforcement activities in these areas. The UWSA's pledge does not come due until 2005.
- Methamphetamine production has increased dramatically in Burma since the mid-1990s. More than 27 million methamphetamine tablets were seized in 2000 and approximately 32.5 million tablets were seized in 2001.
- Since 1989, Burma's ruling military government has negotiated cease-fire agreements with armed ethnic insurgent drug trafficking groups, offering them limited autonomy and developmental assistance in exchange for a cease-fire. Because Burma's highest priority is to end the years of sporadic combat and the internal

threat to national security, drug law enforcement efforts have been, and will continue to be, of lesser importance.

- Khun Sa continues to reside in Burma as a U.S. fugitive. Under an agreement with the GOB, he is permitted to invest his drug proceeds in legitimate businesses, but he cannot traffic in drugs. He will become wealthier through money laundered in developing the infrastructure and through his investments made in Burma.
- Wei Hsueh-kang, the commander of the Southern Military Region of the UWSA, is the most significant drug trafficker in Burma because of his contacts in both Southeast Asia and North America. Wei was indicted in 1993 in the Eastern District of New York for conspiracy to smuggle heroin into the United States.
- As the largest drug-producing and trafficking group in the country, the UWSA and its leaders continue to amass millions of dollars. The UWSA has expanded geographically and militarily; its social, economic, and political influence rivals the GOB.

This report was prepared by the DEA Intelligence Division, Office of International Intelligence, Europe, Asia, Africa Strategic Unit. This report reflects information received prior to February 2002. Comments and requests for copies are welcome and may be directed to the Intelligence Production Unit, Intelligence Division, DEA Headquarters, at (202) 307-8726.